

There Are No Free Lunches

There is no such thing as a *free lunch*. There are visible and invisible strings attached. Everything has a cost and *someone* or *something* will have to pay the bill, sooner or later. Here are some obvious and not so obvious examples.

When you go to the department store to buy some new shoes and decide to use your credit card to pay for the purchase. The credit card company pays for the purchase on your behalf and will send you a bill for payment the following month. It's not free money. The credit card company expects you to pay them back. The credit card company makes money by charging you interest on the amounts borrowed and by charging the merchants a fee for the privilege of using their card payment services. When you borrow money from a bank, it is usually secured by real property or other tangible asset, or the loan is guaranteed by someone who has these assets. In addition to charging you interest on the loan, the bank also charges fees and points to increase their rate of return. In both these examples, you have to eventually pay the money back.

Some may think that government subsidies and welfare checks are *free money*. Its not true. You have to qualify for the money and there are a lot of restrictions and strings attached. To qualify for welfare, you have to either be unemployed or earning a subsistence wage. But if you want to work and are trying to get yourself out of poverty, you can't use welfare as a safety net. Once you start making a little money, you will lose the welfare checks before you have had a chance to build up a cash reserve to go out on your own. The consequence of going on welfare is that most of the recipients remain in poverty for life and their children too when they grow up. Government subsidies create an unreasonable reliance on the government to solve problems. When the funding goes away, the businesses do too.

There are a lot programs being marketed and sold on *how to get rich* and *how to lose weight*. The underline intention for all these programs is how to get

something without having to work for it. Diet pills are the fad but they don't work without daily exercise and a healthy diet. But if you exercise daily and have a healthy diet, why would you need the diet pill? Most diet pills don't work. That's not true, there was once a diet pill sold that made you lose weight without trying but it also killed you. The pill consisted of tapeworm larvae that grew in the body. The person could eat as much as they wanted but they starved to death. The pill was eventually banned by the government. Making money also requires hard work. To make the money, you first have to go out and get the education and develop the skills necessary to make money. This could take years. There are no free lunches and in the end you will pay for it, one way or another.

So the next time someone offers you what appears to be a free lunch, be aware of why you need to receive something without giving an equal balance in return.

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